Manitoba

Annual Report 1988 - 89

Agriculture

The Manitoba Water Services Board

91-01320/

Minister of
Rural Development

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

His Honour George Johnson
Lieutenant Governor of Manitoba
235 Legislative Building
Winnipeg, Manitoba
R3C 0V8

May It Please Your Honour:

It is my pleasure to present to you The Manitoba Water Services Board Annual Report for the period extending from April 1, 1988 to March 31, 1989. This report records the activities of the Board for that period. Although the works outlined in the report were completed under the stewardship of the Minister of Agriculture, this function was transferred to the Minister of Rural Development in April of 1989.

Yours truly,

Jack Penner

Manitoba

Rural Development

The Manitoba Water
Services Board

P.O. Box 1059
2022 Currie Boulevard
Brandon, Manitoba, CANADA
R7A 6A3

(204) 726-6076

The Honourable Jack Penner
Minister of Rural Development

Sir:

I have the honour of presenting to you the Seventeenth Annual Report of The Manitoba Water Services Board for the fiscal year ending March 31, 1989, together with the financial statements of the Board for the same period.

Yours respectfully,

F.R. Dennis
A/Chairman
The Manitoba Water Services Board

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The Manitoba Water Services Board

*Chairman
C.C. Cranston
354 Montgomery
Winnipeg, Manitoba
R3L 1T6

**Vice-Chairman
F.R. Dennis
Director
Municipal Advisory and Financial Services
Municipal Affairs

Members
N.E. Brandson
Director
Environmental Management Services
Environment and Workplace
Safety and Health

G. Jasper
Box 388
Souris, Manitoba
R0K 2C0

* Retired as Chairman on August 25, 1989.

** Appointed as Vice-Chairman on December 22, 1988.

The Manitoba Water Services Board

The Manitoba Water Services Board was established in July 1972 under The Manitoba Water Services Board Act to assist in the provision of water and sewage facilities to the residents of rural Manitoba. It replaced The Manitoba Water Supply Board, taking over all responsibilities of the former Board and continues to own and operate 33 water supply installations in the Province.

The Board is composed of representatives of the Departments of Environment, Municipal Affairs, and two citizen members. It reports to the Legislature through the Minister of Agriculture.

The amalgamation of The Manitoba Water Services Board and Agri-Water Branch of the Department of Agriculture was completed during the 1983/84 fiscal year. Effective April 1, 1984 all Agri-Water Branch staff and operating budget was transferred to The Manitoba Water Services Board. Since that date The Manitoba Water Services Board has delivered the Agri-Water activities on behalf of Manitoba Agriculture.

Transfer of staffing and the various activities administered by The Manitoba Water Services Board and the Agri-Water Branch to the Department of Rural Development are expected to be carried out during the following (1989-90) fiscal year.

Objectives

The Manitoba Water Services Board has the following specific objectives as outlined in the Act:

a) The obtaining of supplies of potable water for domestic and other uses within the province, and the selling of water to municipalities and water districts.

b) The acquisition or construction and the operating and maintenance of all plants and works necessary for obtaining, collecting, storing, treating, purifying and transmitting water.

c) The transmission of water from a source of supply or a point of storage to a point of acceptance by a municipality or a water district either within or outside the municipality or water district.

d) The acquisition or construction and the operation and maintenance of works for the distribution of water.

e) The acquisition or construction and the operation and maintenance of works for the collection of sewage.

f) The acquisition or construction and the operation and maintenance of works for the treatment and disposal of sewage.

Activities carried out to meet the objectives under:

a) The Board operated 43 water treatment plants and sold potable water for domestic and other uses to various municipalities and water districts.

b) During the fiscal year 1988/89 the Board upgraded eight water treatment plants.

b & c) There were 33 water treatment plants constructed by The Manitoba Water Supply Board prior to 1972. These are now operated by The Manitoba Water Services Board. The potable water produced is sold in bulk to the municipalities. In addition nine water treatment plants constructed by The Manitoba Water Services Board under cost-sharing agreements with the municipalities are operated at the request of the municipalities by The Manitoba Water Services Board with costs recovered by sale of water in bulk to the municipalities. The Red River Regional Water System, with its treatment plant at Letellier, supplies potable water to Altona, Dominion City, Gretna, R.M. of Rhineland, Letellier, Altona Rural Water Services Co-Op Ltd., Halbstadt-Marais Water Co-operative, and Roseau River Tribal Council.

d, e, & f) In 1988/89 water and/or sewage facilities for 24 municipalities were constructed and turned over to the respective municipalities for ownership and operation.

The Board can enter into agreements with any municipality which has become a "declared area" by order of the Lieutenant-Governor-in-Council, under Section 10 of the Act. Once an application is received and the Board has made the necessary physical and engineering investigations, and received financial approval; an Offer is submitted to the municipality for the construction of new works, extensions, and/or improvements to existing works. The works may be owned and operated either by the Board or the Municipality.

After the municipality has received the necessary Municipal Board approvals and the Agreement has been executed, the Board enters into the necessary contracts for design and construction of the works.

The Board also enters into agreements with municipalities and non-profit water utilities (water districts) for Agri-Water projects when requested. Total project management which includes engineering design approvals, tendering, contract administration, and interim financing can be provided utilizing the same procedures followed by The Manitoba Water Services Board for larger municipal projects. Details of these agreements are given under Construction Agreements Submitted and Signed. The details regarding the nature of the total Agri-Water activities and provincial financial contribution is provided in Manitoba Agriculture's Annual Report.

The Manitoba Water Services Board Act requires the Board to fix rates for plants constructed prior to 1972, to recover costs pertaining to the services supplied, taking into account grants for rate stabilization provided by the Province of Manitoba. The rates set by the Board and approved by the Province are in accordance with tables maintained by the Board which indicate a return of full capital costs and operating deficits based on a 35 year operating life. For the year ending March 31, 1989, rate stabilization grants totalling $242,627 were paid in respect to the operation of 17 of the plants constructed under The Manitoba Water Supply Board Act.

New agreements between The Manitoba Water Services Board and a municipality vary in length, however, an agreement is long enough to ensure a stable period of operation for the Board works and to guarantee satisfactory water and sewage services to the municipality. In some instances the municipality has requested and the Board has agreed to operate water treatment plants on behalf of the municipality.

In June, 1984, the Manitoba Goverment altered the Grant Formula for The Manitoba Water Services Board increasing the level of provincial funding for most water and sewage works in the province. The formula is summarized as follows:

1. The share of the capital cost of construction to be assumed by the municipality is set at:

a) for both water and sewage, the capitalized amount which 20 mills on the equalized assessment discounted at the current rate of borrowing (established each January) plus 50% of the balance of the project cost. Capital debts on existing utilities are taken into account in the calculation.

b) for sewer systems only, the capitalized amount which 8 mills on the equalized assessment discounted at the current rate of borrowing (established each January) plus 50% of the balance of the project cost.

c) for water systems only, the capitalized amount which 12 mills on the equalized assessment discounted at the current rate of borrowing (established each January) plus 50% of the balance of the project cost.

d) in no instance will the grant on the systems for communities with populations less than 300 be less than 30% of the project cost.

The provinicial grant is 60% of the shareable costs for those organized municipalities north of the Northern Affairs boundary.

However, since the costs in The Pas are not as great as those in most northern communities the provincial grant is 55%.

Where solid bedrock is encountered a special grant of 50% of the additional costs related to bedrock is available. The remaining 50% is included as part of the capital costs of the project, for purposes of calculating the communities' "front end" expenses and the provincial grant.

Summary of Services in 1988-89

Preliminary Investigations

Declared area status was approved in February 1989 for all organized areas of the province, including municipalities, Local Government Districts, villages, towns and cities, excluding (a) the City of Winnipeg, (b) the areas under the jurisdiction of the Minister of Northern Affairs, and (c) those areas of the province under Federal Government jurisdiction.

The Board received 44 applications for technical and financial assistance from individual municipalities during the year.

A total of 14 engineering feasibility studies were completed. On the basis of these and previously completed studies, the Board submitted 28 offers (12 regular budget, 3 Community Water and Sewer Development Program, 13 Drought Proofing) as well as 5 amended offers for the construction of water and/or sewer facilities to municipalities.

Thirty-two agreements (15 regular budget, 1 Agricultural Pipeline and 3 Community Water Source Development Program and 13 Drought Proofing) submitted during this and the previous year, as well as five amended agreements, were signed by March 31, 1989. Estimated costs for these agreements and the dates they were signed are given in the following table:

Construction Agreements Submitted and Signed

during April 1, 1988 to March 31, 1989

	Date Agreement Signed	Estimated Capital Cost of Project
*Albert (R.M.) Tilston North	October 6, 1988	$20,700
*Albert (R.M.) (Broomhill)	January 12, 1989	13,800
*Albert (R.M.) (Reston South)	January 12, 1989	17,250
*Argyle (R.M.) (Baldur)	November 16, 1988	235,000
Beausejour (Town)	November 3, 1988	200,000
Blanshard (R.M.) (Oak River)	May 24, 1988	12,000
*Border Valley Water Co-Op (Birkenhead)	November 3, 1988	130,000
Bowsman (Village)	November 9, 1988	35,000
*Cartier (R.M.) (Elie South)	October 6, 1988	32,000
Cartier (R.M.) (Elie)	August 10, 1988	47,000
Cartier (R.M.) (Elie) (A-1)	December 12, 1988	56,000
Deloraine (Town) (A-1)	April 5, 1988	43,000
**Edward (R.M.) (Pierson)	April 28, 1988	95,000
Flin Flon (City)	February 14, 1989	2,300,000
***Glenella (R.M.) (Glenella)	May 24, 1988	467,000
Hamiota (Village) (A-1)	May 19, 1988	350,000
Hanover (R.M.) (Blumenort)	April 28, 1988	51,000
*Macdonald (R.M.) (Domain & La Salle East)	September 6, 1988	754,000
Macdonald (R.M.) (La Salle)	April 28, 1988	593,000
Macdonald (R.M.) (Sanford & La Salle) (A-1)	August 31, 1988	2,800,000
Macdonald (R.M.) (Sanford)	April 28, 1988	550,000
Manitou (Village) (A-1)	April 5, 1988	78,000
Montcalm (R.M.) (St. Jean Baptiste)	August 31, 1988	25,000
***Morris (R.M.) (Rosenort)	September 6, 1988	140,000
*Morton (R.M.) (Boissevain)	November 17, 1988	160,000
Mountain (L.G.D.) (Birch River)	March 15, 1989	162,000
*Neva Falls Water Co-Op	October 6, 1988	257,000
*North West Roland Water Co-Op	August 31, 1988	210,800
Pipestone (R.M.) (Reston)	August 8, 1988	15,000
Portage la Prairie (City)	August 10, 1988	1,950,000
*Rhineland (R.M.) (GNS West)	August 29, 1988	985,000
Strathclair (R.M.) (Strathclair)	May 24, 1988	82,000
*Sunset Water Co-Op	August 31, 1988	136,000
Winkler (Town)	December 6, 1988	2,500,000
Winnipegosis (Village)	August 8, 1988	84,000
***Woodlands (R.M.) (Warren)	April 28, 1988	975,000
*Woodrow Water Co-Op	August 31, 1988	280,000

*Drought Proofing
**Agricultural Area Pipeline
***Community Water & Sewer Development Program

Design and Construction 1988-89

Water and sewerage project design and construction resulted in a total expenditure of $8.453M, of which approximately $3.485M was contributed by the Province.

Project Management and interim financing was provided to twenty one (21) ongoing Agri-Water and Drought Proofing projects which resulted in a total expenditure of $3.394M.

Under these provincially funded projects, approximately 240,000 cu. m of earth was moved in the construction of waste stabilization ponds, over 13,000 metres of sewers and 21,000 meters of watermains were installed. In addition, two water treatment plants and 715,000 litres of water storage capacity concrete reservoirs were constructed.

Projects Substantially Completed Under Regular Budget were:

		Project Costs	Provincial Grants
Austin & MacGregor	Water Treatment Plant	$370,036	185,018
Benito (4)	Water Plant Upgrading	18,567	9,283
Birtle (3)	Watermain Renewals	84,169	42,084
Elie (5)	Watermain Renewals	52,756	26,378
Gilbert Plains (2)	Lagoon Expansion	111,357	5,350
Gilbert Plains (3)	Water Plant Upgrading	127,061	63,531
Gimli (2)	Water Supply Works	495,454	95,449
Hamiota (5)	Water and Sewerage Works	342,575	171,288
Inglis (4)	Watermain Renewals	28,162	14,081
Minitonas (5)	Water Plant Upgrading	90,969	45,484
Notre Dame de Lourdes (3)	Sewage System	1,101,767	511,610
Oak River (2)	Watermain Renewals	14,219	7,109
Portage la Prairie (4)	Upgrading Sewerage Works	338,869	169,434
Red River Regional East Water System	Regional Water Supply System	423,102	155,000
Reston (3)	Water Supply Well	13,854	6,927
Shoal Lake (3)	Watermain Renewals	92,788	10,622
Stonewall (7)	Upgrading Lift Station & Forcemain	160,520	80,260
Strathclair (2)	Water Treatment Plant Upgrading	73,283	36,641
St. Jean Baptiste (7)	Water Plant Upgrading	15,177	7,588
Teulon (3)	Land for Lagoon	91,897	45,948
Winkler (6)	Phase I-Upgrading Water Supply System	130,737	65,368

Projects Substantially Completed under the Agri-Water Program, for which interim financing was provided by the Board.

		Project Costs	Provincial Grants
*Baldur (2)	Water Supply Pipeline	$186,342	$93,171
Elie (6)	Tank Loading Facility	32,560	4,903
*Golden Stream	Tank Loading Facility	10,795	1,697

*Drought Proofing Project

Projects Under Design or Construction at Year End Under the Regular Budget were:

Birch River (2)	Watermain Extensions
Blumenort (4)	Sewer Extensions
Bowsman	Water Plant Upgrading
Brandon	Upgrading Sewerage Treatment Facility
Flin Flon (5)	Upgrading Water and Sewer System
La Broquerie	Gravity Sewer System
La Salle (2)	Water Distribution System
Macdonald (Sanford & La Salle)	Municipal Water Supply System
Oak Lake	Low Pressure Sewermains
Oakville (4)	Water and Sewerage Works
Portage (5)	Sewerage Works
Roblin (2)	Water Supply System
Sanford (2)	Water Distribution System
Selkirk (3)	Water Supply
Shoal Lake (4)	Lagoon Expansion
Stonewall (8)	Water and Sewer Extensions
Winkler (7)	Reservoir
Winnipegosis (3)	Water Plant Upgrading and Watermain Renewals

Projects Under Design or Construction at Year End Under the Agri-Water Program were:

*Boissevain (2)	Pipeline and Wells
*Border Valley Water Co-Op	Pipeline and Reservoir
*Broomhill	Tank Loading Facility
*Domain/La Salle	Pipeline and Reservoir
Glenella	Water Distribution, Sewage Collection and Wells
*GNS West	Pipeline and Reservoir
Mather	Water Distribution & Sewerage Works
*Neva Falls Water Co-Op	Pipeline
New Hope	Pipeline
Pierson	Pipeline
*Reston South	Tank Loading Facility
*Roland (2)	Watermain Improvements
Rosenort	Water and Sewerage Works
*Sunset Water Co-Op	Water and Sewer Mains
*Tilston North	Tank Loading Facility
Warren	Water Distribution & Sewage Collection
*Woodrow Water Co-Op	Pipeline
Westlake	Pipeline

*Drought Proofing Project

Previously Constructed Works

On April 1, 1988, the Board operated forty-five water treatment plants of which thirty-five were constructed prior to 1972 by The Manitoba Water Supply Board, now referred to as "Previously Constructed Works". Of these, water rates for seventeen were at the subsidized level of $5.50 per 1,000 Imperial gallons effective April 1, 1989.

Water rates remained unchanged for Baldur, Benito, Deloraine, Elie, Erickson, Holland, Manitou, McCreary, Notre Dame de Lourdes, Reston, Russell, St. Claude, Ste. Agathe, Ste. Rose du Lac, Sandy Lake, Somerset, and Winkler. The water rate at Rossburn was increased to $4.10 per thousand Imperial gallons from $3.80 per thousand Imperial gallons.

During the year, the water treatment plant at Dominion City was closed and the Village commenced taking their water supply from the Red River Regional System at Letellier. The town of Winkler took over operation of the water treatment plant from the Board on January 1, 1989. Therefore, as on March 31, 1989, the Board was left with thirty three Previously Constructed Works.

Newly Constructed Works

Effective April 1, 1989, water rates were decreased at Elm Creek, Miami and Plum Coulee. Water rates remained unchanged at Birch River, Cranberry Portage, Grunthal, Lac du Bonnet, Rapid City, Red River Regional Water System and Swan Lake.

Operations and Maintenance

Plans for major upgrading of eight "Previously Constructed" water treatment plants were finalized. The water supply works at Benito, Bowsman, Gilbert Plains, Minitonas, St. Jean Baptiste and Strathclair were upgraded to improve water treatment process and increase pumping rates to meet the demand for potable water. New water supply wells were constructed at Winkler and Reston to meet increased water demands.

Sale of Water

Town or Municipality	Consumption 1988-89	Actual Cost of Production per 1,000 I.G.	April 1/89 Selling Price 1,000 I.G.	Type of Treatment
Altona, 1 & 2	99,587,000	$0.00	$4.15	A, B, E
Altona Rural Water Co-Op, 1 & 2	10,010,000	4.15	4.15	A, B, E
Argyle (RM) (Baldur)	6,347,000	5.23	5.30	B, C, E
Benito	7,868,000	3.93	5.20	C, E
Blanshard (RM) (Oak River)	2,774,000	9.89	5.50	C, E
Bowsman	4,659,000	9.35	5.50	C, E
Bulk Tank Loading (Letellier)	1,411,000	4.15	7.75	A, B, E
Cartier (RM) (Elie)	9,882,000	4.00	5.30	C, D, E
Cartwright	6,672,000	5.88	5.50	C, D, E
Consol (LGD) (Cranberry Portage)	44,948,000	0.60	0.60	B, E
Deloraine 4	21,799,000	4.78	5.30	A, B, E
Erickson	11,320,000	3 29	5.20	B, C, D, E
Ethelbert	5,149,000	6.18	5.50	C, E
Franklin (Dominion City)	6,754,000	4.15	5.50	A, B, E
Gilbert Plains	13,411,000	6.97	5.50	A, B, E
Gretna, 1 & 2	12,787,000	4.15	4.15	A, B, E
Grey (RM) 3	1,897,000	4.15	4.15	E
Grey (RM) (Elm Creek)	6,682,000	5.75	5.75	Rerverse Osmosis, E
Halbstadt	5,150,000	4.15	4.15	A, B, E
Hamiota	16,617,000	6.78	5.50	A, B, E
Hanover (RM) (Grunthal)	16,521,000	1.00	1.00	E
Harrison (RM) (Sandy Lake)	5,056,000	5.28	5.30	C, E
Lac du Bonnet	32,184,000	0.85	0.85	B, E, F
Lorne (RM) (Swan Lake)	32,217	0.55/cu. m	0.55/cu. m	E
Manitou	18,636,000	4.91	5.30	A, B, E
McCreary	12,278,000	3.09	3.45	B, C, E
Minitonas	7,164,000	13.39	5.50	Reverse Osmosis, E
Montcalm (RM) (Letellier)	3,324,000	4.15	5.50	A, B, E
Montcalm (RM) (St. Jean Baptiste)	8,671,000	7.37	5.50	A, B, E
Mountain (LGD) (Birch River)	4,608,000	2.75	2.75	E
Notre Dame de Lourdes	16,883,000	0.86	1.80	E
Pilot Mound	15,158,000	6.96	5.50	A, B, E
Pipestone (RM) (Reston)	14,528,000	1.47	3.15	B, C, E
Plum Coulee	9,724,000	7.25	7.25	A, E
Rapid City	5,670,000	3.65	3.65	C, E
Rhineland, 1 & 2	14,862,000	4.15	4.15	A, B, E
Ritchot (RM) (Ste. Agathe)	5,860,000	4.74	5.30	E
Roseau River	4,857,000	4.15	4.15	A, B
Rosedale (RM) (Kelwood)	2,747,000	9.29	5.50	E
Rossburn	13,450,000	4.10	4.10	B, C, D, E
Russell	34,864,000	3.69	4.50	A, B, E
Silver Creek (RM) (Angusville)	1,702,000	17.05	5.50	C, E
Somerset	11,419,000	1.65	3.00	E
Ste. Rose du Lac	25,042,000	2.12	4.10	A, B, E
St. Claude 3	13,969,000	2.18	4.15	E
Shellmouth (RM) (Inglis)	2,682,000	13.71	5.50	C, E
Strathclair (RM) (Strathclair)	6,331,000	9.51	5.50	C, D, E
Strathcona (RM) (Belmont)	4,643,000	6.41	5.50	C, E
Thompson (RM) (Miami)	8,161,000	2.50	2.50	C, E
Victoria (RM) (Holland)	6,936,000	4.58	5.30	C, E
Winchester (RM) 4	2,794,000		1.00	NONE
*Winkler	128,484,000	1.35	2.80	A, B, E
Winnipegosis	13,138,000	8.21	5.50	A, B, E
Woodworth (RM) (Kenton)	3,369,000	14.24	5.50	E, F

* Winkler - Water treatment plant operated by Town of Winkler as of Jan. 1/89.

1) Water provided by Neche water supply.
2) Water provided by Red River Regional water supply.
3) Water provided by same water treatment plant.
4) Untreated water delivered directly from water source.

Type of Treatment:

A - Lime soda ash softening
B - Fluoridation
C - Iron and/or manganese removal
D - Zeolite softening
E - Chlorination
F - Coagulation, sedimentation

Manitoba

The Manitoba Water Services Board
Report of the Provincial Auditor's Office

We have examined the financial statements, being Exhibits A, B, C and D, and Schedules 1 and 2, of The Manitoba Water Services Board for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Manitoba Water Services Board as at March 31, 1989 and the results of its operations and the changes in its cash position for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

F.H. Jackson, CA,
Provincial Auditor

September 22, 1989
Winnipeg, Manitoba

The Manitoba Water Services Board

Balance Sheet

as at March 31, 1989

Exhibit A

Assets

	1989	1988
Current assets:		
Cash on deposit with the Minister of Finance Exhibit D, (Note 1(A))	$ 349,566	$ 544,870
Accounts receivable	1,372,956	2,574,529
Grants receivable from the Government of the Province of Manitoba — subsidization of construction costs	128,527	84,939
Accrued interest	552,219	615,507
Prepaid expenses	56,003	41,552
	2,459,271	3,861,397
Debentures receivable from municipalities, Schedule 1 (Note 3)	12,556,397	13,198,163
Construction in progress recoverable from municipalities and the Government of the Province of Manitoba (Note 2)	1,403,323	1,476,129
Fixed assets: (Notes 1(e) and 4)		
Works, at cost		
Land and easements	94,464	102,744
Building and equipment	6,098,263	6,599,696
	6,192,727	6,702,440
Less accumulated depreciation	3,868,453	4,091,605
	2,324,274	2,610,835
Accumulated excess of operating expenditures over revenues, recoverable, Exhibit C, (Notes 1(b) and 5)	54,924	732,297
Amortized interest recoverable	—	4,471
	$18,798,189	$21,883,292

Approved on behalf of the Board

A/Chairman

Liabilities

	1989	1988
Current liabilities:		
Accounts payable and accrued charges	$ 864,360	$ 962,640
Capital debt, Schedule 2: (Note 3)		
Advances from the Government of the Province of Manitoba	13,543,385	16,318,452
Debentures - Canada Mortgage and Housing Corporation	2,103,945	2,254,461
Bonds	3,023,000	3,023,000
	18,670,330	21,595,913
Less sinking fund: (Note 1(f))		
Cash on deposit with the Minister of Finance	836,501	754,770
Investments, at cost	—	20,491
	836,501	775,261
	17,833,829	20,820,652
Interest adjustment fund account (Notes 1(c) and 7)	100,000	100,000
	$18,798,189	$21,883,292

The Manitoba Water Services Board **Exhibit B**

Statement of Operating Revenues and Expenditures

for the year ended March 31, 1989

	1989	1988
Revenues:		
Sale of water	$ 2,909,850	$ 2,807,174
Interest:		
Municipalities	1,630,848	1,628,826
Sinking funds and funds on deposit (Note 1(f))	125,217	106,106
Grant from the Government of the Province of Manitoba - subsidization of water rates (Note 5)	242,627	218,747
	4,908,542	4,760,853
Expenditures:		
Interest:		
Advances	1,792,169	1,858,598
Bonds and debentures	435,678	450,550
Audit and other fees	18,600	29,076
Chemicals	503,333	482,091
Depreciation (Note 1(e))	172,703	177,692
Salaries and benefits	754,801	762,016
Heat, telephone, light and power	331,594	317,512
Repairs and maintenance	175,556	268,277
Water purchased for resale	168,591	178,913
	4,353,025	4,524,725
Interest applied to construction	(381,173)	(291,812)
	3,971,852	4,232,913
Excess of operating revenues over expenditures, Exhibit C	$ 936,690	$ 527,940

The Manitoba Water Services Board **Exhibit C**

Statement of Accumulated Excess of Operating Expenditures over Revenues, Recoverable (Notes 1(b) and 5)

for the year ended March 31, 1989

	1989	1988
Balance, beginning of year	$ 732,297	$ 1,260,237
Add: Refund of excess operating revenues over expenditures	259,317	-
Deduct: Excess of operating revenues over expenditures, Exhibit B	936,690	527,940
Balance, end of year, Exhibit A	$ 54,924	$ 732,297

The Manitoba Water Services Board **Exhibit D**

Statement of Changes in Cash Position

for the year ended March 31, 1989

	1989	1988
Cash provided by (used for):		
Operating activities:		
Excess of operating revenues over expenditures, Exhibit B	$ 936,690	$ 527,940
Refund of excess operating revenues over expenditures	(259,317)	-
Items not involving cash:		
Depreciation	172,703	177,692
Amortization of sinking fund bond discount - net	4,471	312
	854,547	705,944
Net change in non-cash working capital balances	1,108,542	(238,130)
	1,963,089	422,814
Financing activities:		
Construction of facilities for municipalities	(11,809,810)	(8,646,828)
The Government of the Province of Manitoba:		
Grants - subsidization of construction costs	4,156,968	3,531,795
Advances - net	(2,775,067)	(1,075,794)
Municipalities:		
Debenture principal repayments	641,766	603,751
Construction expenditure recoveries	7,725,648	4,835,468
Canada Mortgage and Housing Corporation:		
Debenture principal repayments	(150,516)	(137,268)
Sinking fund payments - net	(61,240)	(58,885)
	(2,272,251)	(947,761)
Investment activities:		
Fixed asset additions	(15,120)	-
Proceeds from transfer of ownership - Winkler plant	128,978	-
	113,858	-
Increase (decrease) in cash	(195,304)	(524,947)
Cash, beginning of year	544,870	1,069,817
Cash, end of year, Exhibit A	$ 349,566	$ 544,870

Cash is represented by cash on deposit with the Minister of Finance.

The Manitoba Water Services Board **Schedule 1**

Schedule of Debentures Receivable from Municipalities

as at March 31, 1989 **Page 1**

Municipality	No. of Debentures	Term	Interest Rates %	Balance
Village of Arborg	4	October 31, 1989-1998	9.25-11.25	$ 119,636
Village of Benito	1	October 31, 1989-1998	9.80	8,276
Village of Binscarth	1	October 31, 1989-1998	11.25	28,774
Village of Binscarth	1	December 31, 1989-2004	12.75	4,139
R.M. of Birtle	2	October 31, 1989-2000	11.25-13.75	131,753
Town of Birtle	2	December 31, 1989-2003	12.625-13.125	232,021
Town of Carman	3	October 31, 1989-1999	9.00-11.25	168,944
R.M. of Cartier	1	October 31, 1989-1995	10.95	92,158
Village of Cartwright	1	December 31, 1989-2004	12.75	20,098
R.M. of Coldwell	2	October 31, 1989-1996	9.80-10.95	98,586
L.G.D. of Consol	1	October 31, 1989-1996	9.80	41,705
Town of Dauphin	2	October 31, 1989-1996	9.80-10.95	319,956
Town of Deloraine	2	October 31, 1989-1999	9.80-11.25	20,135
R.M. of De Salaberry	2	December 31, 1989-2004	12.625-12.75	81,504
R.M. of East St. Paul	3	October 31, 1989-1997	9.00-10.95	109,095
Town of Emerson	2	October 31, 1989-1998	9.80-11.25	27,441
Village of Erickson	1	October 31, 1989-1994	9.25	3,972
R.M. of Eriksdale	1	October 31, 1989-1996	9.80	5,215
Village of Ethelbert	1	October 31, 1989	11.25	1,627
City of Flin Flon	5	December 31, 1989-2004	12.625-12.75	1,539,759
Village of Gilbert Plains	2	October 31, 1989-1995	9.25-10.95	65,129
Village of Glenboro	1	December 31, 1989-2002	13.125	93,618
Town of Grandview	4	October 31, 1989-1999	9.00-11.25	76,725
Town of Grandview	1	December 31, 1989-2002	13.125	54,906
Village of Gretna	2	October 31, 1989-1995	9.80-10.95	13,738
R.M. of Grey	1	October 31, 1989-1999	11.25	74,028
R.M. of Hanover	7	October 31, 1989-1999	9.00-11.25	302,041
R.M. of Hanover	2	December 31, 1989-2004	12.75	160,088
Town of Killarney	1	December 31, 1989-2004	12.75	30,730
Village of Lac du Bonnet	1	October 31, 1989-1997	9.50	200,914
R.M. of Lorne	4	October 31, 1989-2000	9.80-13.75	249,841
R.M. of MacDonald	4	October 31, 1989-1999	9.00-11.25	76,057
Village of Manitou	2	October 31, 1989-1998	9.00-11.25	67,363
Village of McCreary	3	October 31, 1989-1998	9.80-11.25	20,706
Town of Minnedosa	3	October 31, 1989-1999	9.80-11.25	28,120
R.M. of Miniota	1	October 31, 1989-1996	9.80	10,235
Village of Minitonas	1	October 31, 1989-1999	11.25	74,259
R.M. of Montcalm	1	December 31, 1989-1998	12.625	53,069
Town of Morris	2	October 31, 1989-1998	9.00-9.80	120,177
Town of Morris	2	December 31, 1989-2004	12.75-13.125	94,773
L.G.D. of Mountain	2	October 31, 1989-1997	9.00-9.80	95,253
Town of Neepawa	1	October 31, 1989-1998	9.80	16,084
R.M. of North Norfolk	3	October 31, 1989-1996	9.25-10.95	78,099
				$5,110,747
Carried forward	89			

Schedule of Debentures Receivable from Municipalities

as at March 31, 1989

Municipality	No. of Debentures	Term	Interest Rates %	Balance
Brought forward	89			$ 5,110,747
Village of Notre Dame de Lourdes	3	October 31, 1989-1995	9.25-10.95	42,058
R.M. of Ochre River	2	December 31, 1989-2002	12.625-13.125	26,262
R.M. of Pembina	1	October 31, 1989	11.25	1,711
R.M. of Pipestone	2	October 31, 1989-2000	11.25-13.75	40,577
Village of Plum Coulee	3	October 31, 1989-1999	9.00-11.25	213,551
City of Portage la Prairie	6	October 31, 1989-2000	9.00-13.75	1,514,943
City of Portage la Prairie	1	December 31, 1989-2002	13.125	61,756
R.M. of Portage la Prairie	2	October 31, 1989-1995	9.25-10.95	69,927
Town of Rapid City	1	October 31, 1989-1998	9.80	10,400
R.M. of Ritchot	6	October 31, 1989-2000	9.80-13.75	99,413
R.M. of Ritchot	2	December 31, 1989-2004	12.625-12.75	123,616
R.M. of Riverside	2	October 31, 1989-2000	11.25-13.75	145,242
Village of Riverton	4	October 31, 1989-1998	9.00-10.95	158,837
Village of Riverton	1	December 31, 1989-2002	13.125	16,197
Town of Roblin	2	October 31, 1989-2000	11.25-13.75	252,189
Village of Rossburn	5	October 31, 1989-2000	9.00-13.75	67,640
Town of Russell	1	December 31, 1989-2004	12.75	333,614
Village of Ste. Anne	2	October 31, 1989-1996	9.80-11.25	47,001
Village of St. Claude	3	October 31, 1989-1996	9.80-10.95	37,744
Village of St. Claude	1	December 31, 1989-1999	12.75	13,799
Village of Ste. Rose du Lac	4	October 31, 1989-1997	9.00-10.95	50,144
Village of Ste. Rose du Lac	1	December 31, 1989-2004	12.75	64,759
Town of Selkirk	6	October 31, 1989-2000	9.00-13.75	993,663
Village of Shoal Lake	1	October 31, 1989-2000	13.75	145,229
R.M. of Siglunes	1	December 31, 1989-2001	13.125	6,593
Town of Souris	3	October 31, 1989-1998	9.00-9.80	386,627
Town of Souris	1	December 31, 1989-2000	12.75	14,814
Town of Steinbach	3	October 31, 1989-1997	9.00-10.95	63,553
Town of Stonewall	2	October 31, 1989-2006	9.80-10.95	822,125
R.M. of Strathcona	2	October 31, 1989-2000	11.25-13.75	38,511
L.G.D. of Stuartburn	3	October 31, 1989-2000	9.80-13.75	139,366
Town of Swan River	3	October 31, 1989-1997	9.00-10.95	401,429
R.M. of Tache	3	October 31, 1989-1998	9.00-10.95	21,046
Village of Teulon	1	October 31, 1989-2006	8.00	322,332
R.M. of Thompson	1	October 31, 1989-1996	9.80	102,439
Village of Treherne	2	October 31, 1989-1996	9.80-11.25	111,867
Town of Virden	3	October 31, 1989-1998	9.80-13.75	298,800
Town of Virden	1	December 31, 1989-1998	13.125	15,161
Community of Wabowden	1	August 1, 1989-1995	9.00	148,234
Village of Wawanesa	1	October 31, 1989-1999	11.25	2,316
Town of Winkler	1	October 31, 1989-1996	9.80	16,289
Town of Winnipeg Beach	1	October 31, 1989-1999	11.25	3,876
	184			$ 12,556,397

The Manitoba Water Services Board **Schedule 2**

Schedule of Capital Debt

as at March 31, 1989 **Page 1**

	1989	1988
Advances from the Government of the Province of Manitoba:		
10.720% payable annually April 1, 1989-1991	$ 1,368,994	$ 1,739,956
9.000% payable annually October 31, 1989-1997	1,320,482	1,413,520
9.800% payable annually October 31, 1989-1998	1,520,464	1,608,188
11.250% payable annually October 31, 1989-1999	1,584,400	1,656,224
9.250% payable annually March 31, 1990-2004	858,759	985,316
9.800% payable annually October 31, 1989-2006	1,142,460	1,221,806
9.400% payable annually October 31, 1989-2007	37,242	37,951
13.750% payable annually October 31, 1989-2000	1,960,661	2,024,844
12.625% payable annually December 31, 1989-2003	1,143,621	1,173,092
12.750% payable annually December 31, 1989-2004	1,400,040	1,427,770
9.625% payable annually March 31, 1990-2007	1,132,916	1,156,439
Other - payable on demand at bank prime	73,346	1,873,346
	13,543,385	16,318,452
Canada Mortgage and Housing Corp. Debentures:		
7.875% payable annually August 1, 1989-1994	48,246	54,329
8.000% payable annually December 1, 1989-1995	38,425	42,388
8.000% payable annually January 1, 1990-1996	23,198	25,590
8.000% payable annually January 1, 1990-1996	29,711	32,774
8.000% payable annually February 1, 1990-1996	31,567	34,821
10.000% payable annually February 1, 1990-1996	60,861	66,635
10.375% payable annually January 1, 1990-1996	79,342	86,752
10.375% payable annually January 1, 1990-1996	17,494	19,127
10.375% payable annually February 1, 1990-1996	58,187	63,622
10.375% payable annually February 1, 1990-1996	38,155	41,719
10.375% payable annually February 1, 1990-1996	44,585	48,749
10.375% payable annually February 1, 1990-1996	90,731	99,206
10.375% payable annually December 1, 1989-1996	92,945	100,120
10.750% payable annually August 1, 1989-1996	43,337	46,623
10.750% payable annually December 1, 1989-1996	26,250	28,241
10.750% payable annually December 1, 1989-1996	11,976	12,884
8.000% payable annually April 1, 1989-1997	9,609	10,440
8.000% payable annually July 1, 1989-1997	572,240	614,325
10.000% payable annually July 1, 1989-1997	23,104	24,631
10.000% payable annually July 1, 1989-1997	16,097	17,161
10.375% payable annually April 1, 1989-1997	92,333	99,461
10.375% payable annually April 1, 1989-1997	81,837	88,155
10.750% payable annually July 1, 1989-1997	121,408	129,115
9.625% payable annually February 1, 1990-1998	54,355	58,021
11.000% payable annually November 1, 1989-2002	397,952	409,572
	2,103,945	2,254,461
	15,647,330	18,572,913
Bonds:		
Canada Pension Plan Investment Fund, subject to prior redemption, guaranteed as to principal and interest by the Government of the Province of Manitoba:		
7.26% bond due June 2, 1989	3,023,000	3,023,000
	3,023,000	3,023,000
	$18,670,330	$21,595,913

1. **Significant Accounting Policies**

(a) **Basis of Accounting**

The Board's financial statements have been prepared using the accrual basis of accounting except that, in accordance with the procedures followed by the Government of the Province of Manitoba, the Board's disbursement account was held open until April 20, 1989 for the payment of accounts for expenditures incurred during the fiscal year ended March 31, 1989. Disbursements from April 1, 1989 to April 20, 1989 for the year ended March 31, 1989 were $1,457,633 (1988 - $520,065).

(b) **Accumulated excess of operating expenditures over revenues, recoverable**

The accumulated excess of operating expenditures over revenues, recoverable, shown on the balance sheet pertains to plants operated under the following terms:

(A) Plants owned and operated by the Board with cost recovery over a 35 year life. These plants were constructed prior to 1972 under The Manitoba Water Supply Board Act. The Act was amended in 1972 and became known as The Manitoba Water Services Board Act with no further additions under this program. The amended Act provides for grants for rate stabilization by the Government of the Province of Manitoba.

(B) The plants operated by the Board under agreements with municipalities which were constructed since 1972 under The Manitoba Water Services Board Act.

(C) Plant owned and operated by the Board with cost recovery over a 20 year life.

All operating deficits of plants operated by the Board are recoverable from the municipalities.

(c) **Interest Adjustment Fund Account**

The Board maintains a separate fund account balance for interest adjustments.

(d) **Administration costs**

The costs related to the administration and general operation of the Board, which amounted to $1,731,989 for the year ended March 31, 1989 (1988 - $1,758,381), were paid out of an appropriation of the Department of Agriculture. These expenses are not reflected in the financial statements.

(e) **Depreciation policy**

The Board provides depreciation on a straight-line basis for its fixed assets over an 18 year term for equipment and a 35 year term for buildings under (b) (A) above and a 20 year term for equipment and buildings under (b) (C) above.

(f) **Sinking fund**

The sinking fund is maintained in accordance with the requirements of The Manitoba Water Services Board Act which prescribes that the Board pay a minimum annual instalment to the Minister of Finance of the Government of the Province of Manitoba of not less than 1% of the principal amount of the outstanding capital indebtedness on the preceding March 31, together with 4% of the balance in the sinking fund at that date.

Income earned on sinking fund investments is remitted to the Board and is included with interest revenue for the year.

2. **Construction in Progress Recoverable from Municipalities and the Government of the Province of Manitoba**

The transactions in this account were as follows:

	March 31	
	1989	**1988**
Balance, beginning of year	$ 1,476,129	$ 1,196,564
Construction during the year, Exhibit E	11,809,810	8,646,828
	13,285,939	9,843,392
Recoveries during the year		
Municipalities		
Cash payments received, Exhibit E	7,725,648	4,835,468
The Government of the Province of Manitoba, Exhibit E		
Grants - subsidization of contruction costs	4,156,968	3,531,795
	11,882,616	8,367,263
Balance, end of year, Exhibit A	$ 1,403,323	$ 1,476,129

3. **Debentures Receivable from Municipalities**

The Board obtained capital debt financing at fixed interest rates from the Government of the Province of Manitoba and Canada Mortgage and Housing Corporation. In turn, the Board received cash payments or obtained debentures from municipalities for the municipal share of capitalized costs for plant construction. The debentures were issued to municipalities in amounts at fixed interest rates sufficient to discharge the municipalities' share of the corresponding capital debt financing.

Effective with the year ended March 31, 1986, the Board received cash in full settlement of capital work undertaken for municipalities.

4. **Fixed Assets**

The following is the summary of the Board's fixed assets:

	1989	1988
Land and easements	$ 94,464	$ 102,744
Buildings	4,611,440	5,006,221
Less accumulated depreciation	2,647,400	2,783,564
	1,964,040	2,222,657
Equipment	1,486,823	1,593,475
Less accumulated depreciation	1,221,053	1,308,041
	265,770	285,434
	$2,324,274	$ 2,610,835

5. **Accumulated Excess of Operating Expenditures Over Revenues (Note 1(b))**

Concerning plants operated under A only:

The Manitoba Water Services Board Act requires the Board to fix rates for each plant to recover costs pertaining to the services supplied taking into account grants for rate stabilization provided by the Government of the Province of Manitoba to those plants constructed under The Manitoba Water Supply Board Act. The rates set by the Board and approved by the Province are in accordance with tables maintained by the Board which indicate a return of full capital costs and operating deficits based on a 35 year operating life. For the year ended March 31, 1989 rate stabilization grants totalling $242,627 were paid in respect of the operations of 17 of the plants constructed under The Manitoba Water Supply Board Act (1988 - $218,747 respecting 17 plants).

5. **Accumulated Excess of Operating Expenditures Over Revenue** (continued)

	March 31			
	1989		1988	
	No.	Amount	No.	Amount
Plants operated under A - owned and operated by the Board:				
Plants with an accumulated excess of operating expenditures over revenues, recoverable	23	$ 837,578	27	$ 1,186,612
Plants with an accumulated excess of operating revenues over expenditures	12	(606,267)	9	(460,039)
	35	231,311	36	726,573
Plants operated under B - operated by the Board for municipalities:				
Plants with an accumulated excess of operating expenditures over revenues, recoverable	1	5,745	2	8,832
Plants with an accumulated excess of operating revenues over expenditures	8	(243,172)	7	(168,460)
	9	(237,427)	9	(159,628)
Plant operated under C - owned and operated by the Board, newly constructed works:				
Plant with an accumulated excess of operating expenditures over revenues, recoverable	1	61,040	1	165,352
Totals under A, B and C	45	$ 54,924	46	$ 732,297

6. **Agreement, Community of Wabowden**

Because of the legal status of the Community of Wabowden, the Board has entered into an agreement, in lieu of a debenture, with the Minister of the Department of Northern Affairs who is acting on behalf of the Community. The agreement provides for the recovery of the capitalized costs and interest in accordance with a repayment schedule over a twenty year period ending August 1, 1995.

7. **Interest Adjustment Fund Account**

The Board charges interest on advances to construction projects and water treatment plants operated by the Board. The policy is to charge interest at a rate which reflects the cost of borrowing by the Board. The difference between interest charged and the cost of borrowing is accumulated in the Interest Adjustment Fund Account. The Board, from time to time, adjusts interest rates to maintain a reasonable balance in the Interest Adjustment Fund Account. For both the current and preceding year, a reasonable balance was maintained without the need to apply interest to the Interest Adjustment Fund Account.

8. **Capital Authority**

The Legislature has authorized the borrowing and expending of monies for municipal sewer and water systems. The unexpended amounts as at March 31, 1989 are as follows:

Legislative Authority	Unexpended balance as at March 31, 1989
The Loan Act 1985	$ 7,800,000
The Loan Act 1987	12,000,000
	19,800,000

9. **Commitments**

The Board has signed agreements and offers for the construction of sewer and water systems for municipalities which amount to $14,803,000 as at March 31, 1989 (1988 - $8,932,000). Of this amount, $4,021,000 (1988 - $2,752,000) is expected to be funded by the Government of the Province of Manitoba grants for the subsidization of construction costs, with the balance of $10,782,000 (1988 - $6,180,000) to be funded from the Board's Capital Authority (Note 8) which will be repayable by municipalities through cash payments (Note 3).